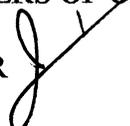


City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 23, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING
JANUARY 31, 2006

ISSUE: Monthly Financial Report for the Period Ending January 31, 2006.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending January 31, 2006.

DISCUSSION: This report provides Fiscal Year (FY) 2006 financial information on revenues and expenditures of the General Fund for the period ended January 2006. This report presents revenues and expenditures for the same period in FY 2005 for comparative purposes (Attachments 1 and 2) and also provides charts of selected economic indicators (Attachment 3). The economic indicators show an increasing regional inflation rate (+3.7% year-to-year), a slowing in home sales (-13%), higher average home sale prices (+22%) for 2005, and continued low unemployment rate (2.4%). This report includes the budget projections presented to Council on February 14 as part of the Manager's Proposed FY 2007 Proposed Operating Budget with all identified net additional revenues programmed as part of the FY 2007 Proposed Operating Budget and FY 2007 Proposed Capital Improvement Program.

	FY 2006 BUDGET REVISED	FY 2006 BUDGET PROJECTIONS	BUDGET VERSUS PROJECTIONS
Real Property ¹	\$ 251.1	\$ 257.5	\$ 6.4
Personal Property-local share	32.0	31.6	(0.4)
Sales Tax	24.4	25.1	0.7
Consumer Utility Tax	18.6	18.0	(0.6)
Business License Tax	26.9	28.4	1.5
Transient Lodging Tax	7.7	7.7	-
Restaurant Meals Tax	10.1	10.1	-
Tobacco	3.1	2.9	(0.2)
Recordation Taxes	6.1	6.3	0.2
Other Local Taxes (including cell phone and admissions tax)	6.8	7.4	0.6
Intergovernmental	47.7	48.8	1.1
Fines and Forfeitures	3.9	3.8	(0.1)
Licenses and Permits	3.4	4.7	1.3
Charges for City Services	9.3	9.6	0.3
Use of Money and Property	6.1	7.3	<u>1.2</u>
Net Additional Revenues			\$12.0 ²

1 At the proposed rate of 84.7¢ per thousand.

2 Revenues entirely programmed or designated as part of FY 2007 budget process.

See p 5-76 in the FY 2007 Proposed Operating Budget for details.

REVENUES (Attachment 1): As of January 31, 2006, actual FY 2006 General Fund revenues totaled \$246.7 million, an increase of \$22.9 million above this time last year. This is primarily due to the budgeted increase in real estate tax revenue. Unless otherwise noted, revenues reflect normal trends and represent no cause for concern.

Real Property Taxes: Second half 2005 real estate taxes were due November 15. As projected in the FY 2007 Proposed Operating Budget, second half real estate billings totaled \$136.6 million. With 2006 assessments increasing 20.98 percent, overall FY 2006 real estate tax revenue

collections will exceed budgeted levels. This assessment increase, at the FY 2007 Proposed Operating Budget 84.7¢ real estate tax rate, would increase expected FY 2006 real estate tax revenues to \$257.5 million, or \$6.4 million above the Approved FY 2006 Budget. Real estate tax revenues to be paid on June 15 will be based on the 2006 assessments as well as the real estate tax rate to be adopted by City Council on April 24.

Personal Property Taxes: Personal property tax bills were due on October 5, 2005. The FY 2006 Approved Budget includes a \$32.0 million revenue projection for tax revenue collected directly by the City (including \$15.9 million for vehicles, \$14.9 million for businesses and \$1.2 million for delinquent accounts) and includes an additional \$22.4 million of intergovernmental revenue that the City receives from the Commonwealth under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA). The State's share of the local personal property tax payment this year is 70 percent of most taxpayers' payments, which is the same as last year. The total for all budgeted revenues related to personal property tax for FY 2006 is \$54.4 million.

Personal Property tax collections-to-date, in the amount of \$31.1 million are \$1.1 million higher than the same time last year. Current analysis of the personal property tax billing projects that the FY 2006 personal property tax collection (vehicle and business property) will approximate the budget. The total tax on all vehicles in the August 2005 billing, including the portion that the State reimburses the City under the PPTRA, increased by 6.3 percent. The total number of business personal property tax bills issued, the amount of taxes billed and the total of the business personal property assessments were comparable to last year with no significant increase or decrease. Based on collections-to-date, it appears that business and vehicle personal property tax collections will approximate \$31.6 million, a decrease of \$0.4 million below the Approved FY 2006 Budget.

Personal Property Tax (in millions)	Actual-to-Date FY 2005	Budget FY 2006	Actual-to-Date FY 2006
City share	\$ 30.0	\$ 32.0	\$ 31.1
Commonwealth reimbursement	<u>20.4</u>	<u>22.4</u>	<u>21.1</u>
Total	\$ 50.4	\$ 54.4	\$ 52.2

Local Sales and Use Taxes: Businesses remit sales tax to the Commonwealth within 30 days of the end of the month in which sales occurred. The Commonwealth wires the City's portion of the sales tax approximately one month later. Sales taxes received by the City in January represent revenues collected by merchants in November. The Virginia Department of Taxation is converting to a new accounting system. As a result of this conversion, the Commonwealth's distribution of sales tax to the City for September through November has been paid based on an estimated 5.5 percent increase over last year's distribution. The distribution in December contained a positive adjustment for underpayments by the State made in the preceding months,

and City sales tax revenues have now increased 6.2% for the first five months of FY 2006. Based on collections to date, it appears that sales tax collections will approximate \$25.1 million, a \$0.7 million increase over the Approved FY 2006 Budget.

Consumer Utility Taxes: Consumer utility taxes are collected by the utility companies one month after billing and are remitted to the City the following month. Telephone tax revenues continue to decline as consumers switch from land line phones to cell phones and from dial-up connections to broadband for Internet access. Based on these lower collections, it appears that consumer utility taxes will approximate \$18.0 million, a decrease of \$0.6 million below the Approved FY 2006 Budget.

City of Alexandria Consumer Utility Tax Receipts

Utility	FY 2006 Year-to-Date Receipts	FY 2005 Year-to-Date Receipts	Increase/ (Decrease)
Telephone - Tax on Local Services	\$3,383,625	\$3,599,783	\$(216,158)
Electricity	2,863,119	2,789,660	73,459
Water	1,003,646	966,085	37,561
Natural Gas	1,016,280	1,003,235	13,045

Business License Taxes: The City's business license tax is primarily due March 1 of each year. Collections-to-date, in the amount of \$2.0 million, represent filings by new businesses and payments on delinquent accounts. No clear patterns of current year collections will be evident until all collections due March 1 are tallied. Based on preliminary collections-to-date of delinquent taxes, staff's current estimate for business license tax receipts based largely on FY 2005 actual payments is \$28.4 million, an increase of \$1.5 million over the Approved FY 2006 Budget. Staff will continue to monitor and make recommendations as warranted in the context of budget work sessions.

Transient Lodging Taxes: Transient lodging taxes are remitted to the City within 30 days after collection. Therefore, the revenue reflected in this report represents collections by hotels through December 2005. Collections total \$3.6 million, which is an increase of \$0.3 million over collections in the previous year. The current revenue estimate approximate the budget. Staff will continue to monitor and make recommendations as warranted in the context of budget work sessions.

Restaurant Meals Tax: Restaurant meals taxes are remitted to the City within 30 days after collection. Therefore, the revenue reflected in this report represents collections by restaurants through December 2005. Collections total \$4.8 million, an increase of \$0.3 million over collections in the previous year. The current revenue estimate approximate the budget. Staff will

continue to monitor and make recommendations as warranted in the context of budget work sessions.

Real Estate Recordation Taxes: Real estate recordation tax revenues are collected by the Clerk of the Court and remitted to the City the following month. Collections in the amount of \$3.3 million are five percent lower than collections this time last year. Based on collections to date, it appears that recordation taxes will approximate \$6.3 million, an increase of \$0.2 million above the Approved FY 2006 Budget. In accordance with the FY 2006 Approved General Fund budget, \$0.9 million of the total recordation taxes will be transferred to the Housing Special Revenue Fund with \$0.8 million transferred in January.

Admissions Tax: New for FY 2006, the admissions taxes are remitted to the City within one month after collections and appear to confirm that the \$1.3 million amount budgeted will be met or exceeded.

Cell Phone Tax: New in FY 2006, the effective date for the cell phone tax was September 1, 2005, with collections to date of \$0.9 million. Based on current collections, it appears that the \$2.2 tax will be collected, and increase of \$0.5 million over the original estimate. Additional monthly payment experience will be needed to confirm this.

Other Local Taxes: This category includes bank franchise taxes, telecommunications right-of-way tax, cable TV franchise taxes, daily rental taxes and other miscellaneous taxes.

Revenues from the Federal Government: The City's General Fund revenues from the federal government are primarily for federal prisoner per diem. The City has billed \$2.8 million for housing federal prisoners through the period ending January 31, 2006. Payments of \$1.7 million have been received as of January 31. The federal government generally pays the City for housing federal prisoners between 45 and 60 days after the end of the billing period. Based on current prisoner and billing levels, staff currently estimates that revenues from the federal government will approximate \$5.1 million, an increase of \$0.7 million over the Approved FY 2006 Budget.

Fines and Forfeitures: Collections through January were 11.7 percent lower than collections last year, primarily for parking fines. Based on collections-to-date and projected collections, staff projects that fines and forfeitures will approximate \$3.8 million, a decrease of \$0.1 million below the Approved FY 2006 Budget.

Licenses and Permits: Year-to-date revenues include increased construction related permits, primarily for multi-family dwellings. Collections-to-date are \$2.9 million, or \$0.5 million higher than collections at this time last year, primarily for building permits. Based on these collection patterns, licenses and permits revenue are expected to be \$4.7 million, an increase of \$1.3 million over the Approved FY 2006 Budget.

Charges for City Services: Increased collections represent budgeted increases for refuse and sanitary sewer fees.

School: The School Administration has reported \$85.3 million in expenses through January 31, 2006. The City's General Fund share of total School budgeted expenditures is approximately 75.8 percent of the total expenditures. This percentage was applied to total School disbursements to estimate School expenditures-to-date in the amount of \$64.7 million (i.e., 75.8 percent of \$85.3 million).

Other Education Activities: Expenditures-to-date reflect the first three quarterly contribution payments to the Northern Virginia Community College.

Debt Service: The increase in expenditures represents budgeted payments for general obligation bonds issued in FY 2005.

Non-Departmental: General Fund expenditures in this category reflect the City's contributions to the public safety pension plan, senior citizens' rent relief and payment for the City's liability insurance.

Cash Matches (MH/MR/SA, Human Services, Library and Miscellaneous Grants) and Transfers: To comply with grant awards, the City's share of funding is transferred from the General Fund to the Special Revenue Fund at the end of the fiscal year. Current transfers include a transfer of \$750,000 as part of a \$1.5 million affordable housing loan for an apartment acquisition. An additional \$780,000 was transferred to the affordable housing fund to fund the Moderate Income Home Ownership Program. This \$780,000 is part of the of the \$889,815 in recordation taxes Council approved for affordable housing in the FY 2006 Approved Budget.

ATTACHMENTS:

Attachment 1 - Comparative Statement of Revenues

Attachment 2 - Comparative Statement of Expenditures & Transfers by Function

Attachment 3 - Selected Economic Indicators

STAFF:

Mark Jinks, Deputy City Manager

D. A. Neckel, Director of Finance

Laura Triggs, Deputy Director of Finance/Comptroller

CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING JANUARY 31, 2006 AND JANUARY 31, 2005

	FY2006 APPROVED BUDGET	FY2006 REVENUES THRU 01/31/06	% OF BUDGET	FY2005 REVENUES THRU 01/31/05
General Property Taxes				
Real Property Taxes.....	\$ 251,056,796	\$ 124,561,691	49.6%	\$ 111,583,203
Personal Property Taxes.....	32,000,000	31,137,943	97.3%	30,005,765
Penalties and Interest.....	1,500,000	990,370	66.0%	790,788
Total General Property Taxes	<u>\$ 284,556,796</u>	<u>\$ 156,690,004</u>		<u>\$ 142,379,756</u>
Other Local Taxes				
Local Sales and Use Taxes.....	\$ 24,400,000	9,956,071	40.8%	\$ 9,379,176
Consumer Utility Taxes.....	18,600,000	8,266,670	44.4%	8,358,763
Business License Taxes.....	26,900,000	2,007,819	7.5%	2,277,573
Transient Lodging Taxes.....	7,700,000	3,639,513	47.3%	3,305,952
Restaurant Meals Tax.....	10,100,000	4,843,999	48.0%	4,495,153
Tobacco Taxes.....	3,100,000	1,489,510	48.0%	1,199,765
Motor Vehicle License Tax.....	2,400,000	2,135,047	89.0%	2,159,987
Real Estate Recordation.....	6,100,000	3,321,761	54.5%	3,496,092
Admissions Tax.....	1,300,000	603,616	46.4%	-
Cell Phone Tax.....	1,700,000	901,043	53.0%	-
Other Local Taxes.....	3,849,000	1,182,156	30.7%	1,241,028
Total Other Local Taxes	<u>\$ 106,149,000</u>	<u>\$ 38,347,205</u>	36.1%	<u>\$ 35,913,489</u>
Intergovernmental Revenues				
Revenue from the Federal Government.....	\$ 4,400,000	\$ 1,714,833	39.0%	\$ 1,446,849
Personal Property Tax Relief from the Commonwealth.....	22,400,000	21,109,668	94.2%	20,433,949
Revenue from the Commonwealth.....	20,866,400	11,068,428	53.0%	10,321,613
Total Intergovernmental Revenues	<u>\$ 47,666,400</u>	<u>\$ 33,892,929</u>	71.1%	<u>\$ 32,202,411</u>
Other Governmental Revenues				
Fines and Forfeitures.....	\$ 3,900,150	\$ 1,989,533	51.0%	\$ 2,253,386
Licenses and Permits.....	3,422,000	2,872,726	83.9%	2,377,688
Charges for City Services.....	12,158,717	7,362,867	60.6%	5,423,702
Revenue from Use of Money & Property.....	6,206,914	4,951,765	79.8%	3,126,452
Other Revenue.....	473,358	616,474	130.2%	128,701
Total Other Governmental Revenues	<u>\$ 26,161,139</u>	<u>\$ 17,793,365</u>	68.0%	<u>\$ 13,309,929</u>
TOTAL REVENUE	\$ 464,533,335	\$ 246,723,503	53.1%	\$ 223,805,585
Appropriated Fund Balance				
General Fund.....	11,502,263	-	0.0%	-
Reappropriation of FY 2005 Encumbrances And Other Supplemental Appropriations.....	2,087,658	-	0.0%	-
TOTAL	<u><u>\$ 478,123,256</u></u>	<u><u>\$ 246,723,503</u></u>	51.6%	<u><u>\$ 223,805,585</u></u>

CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING JANUARY 31, 2006 AND JANUARY 31, 2005

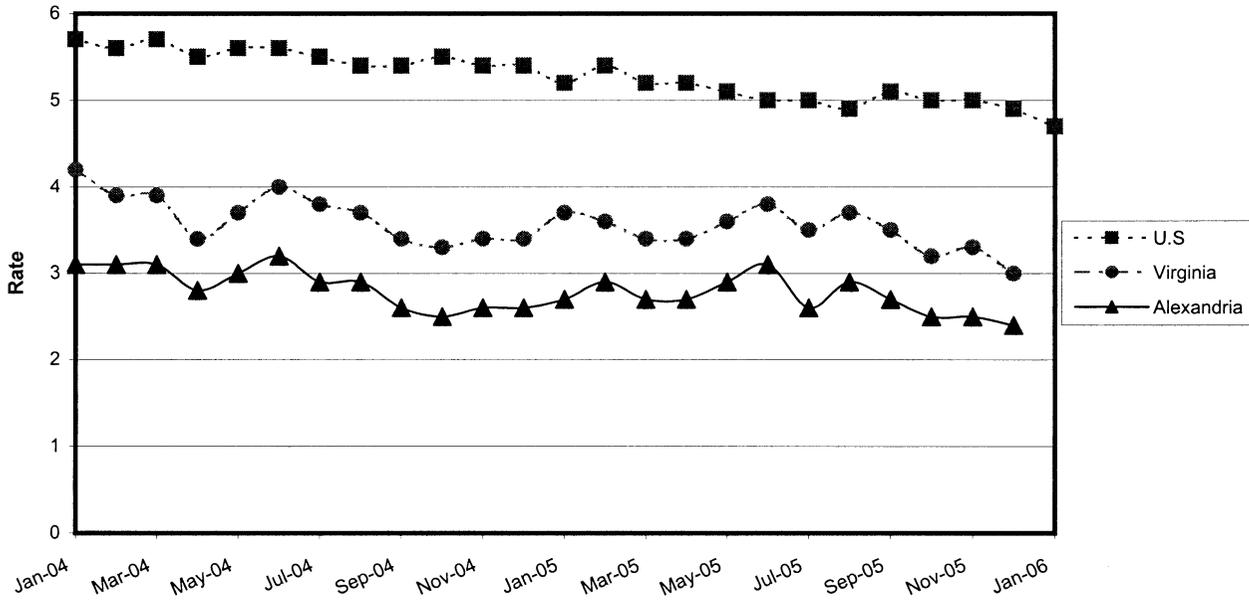
FUNCTION	FY2006	FY2006	% OF	FY2005
	APPROVED BUDGET	EXPENDITURES THRU 01/31/06	BUDGET	EXPENDITURES THRU 01/31/05
Legislative & Executive.....	\$ 5,545,627	\$ 2,828,315	51.0%	\$ 3,009,960
Judicial Administration.....	\$ 31,929,488	\$ 19,090,262	59.8%	\$ 17,897,833
Staff Agencies				
Information Technology Services.....	\$ 7,969,866	\$ 3,894,776	48.9%	\$ 3,345,398
Management & Budget.....	1,038,329	528,407	50.9%	506,205
Finance.....	8,590,883	4,303,520	50.1%	4,377,346
Real Estate Assessment.....	1,268,167	667,847	52.7%	587,557
Personnel.....	2,903,163	1,684,408	58.0%	1,405,620
Planning & Zoning.....	4,092,808	2,235,744	54.6%	2,017,977
Other Planning Activities.....	2,707,936	2,493,144	92.1%	2,385,130
City Attorney.....	2,338,305	1,273,131	54.4%	834,776
Registrar.....	1,004,622	567,791	56.5%	695,894
General Services.....	11,317,209	6,174,121	54.6%	5,858,414
Total Staff Agencies	\$ 43,231,288	\$ 23,822,889	55.1%	\$ 22,014,317
Operating Agencies				
Transportation & Environmental Services.....	\$ 24,753,919	\$ 13,669,996	55.2%	\$ 13,361,129
Fire.....	32,058,747	19,372,306	60.4%	17,949,322
Police.....	44,849,631	26,287,074	58.6%	24,438,335
Transit Subsidies.....	6,145,697	5,057,460	82.3%	4,167,112
Housing.....	1,233,413	609,878	49.4%	508,003
Mental Health/Mental Retardation/ Substance Abuse.....	504,578	413,555	82.0%	460,517
Health.....	7,335,275	4,015,270	54.7%	3,517,383
Human Services.....	10,396,444	6,110,196	58.8%	5,628,713
Historic Resources.....	2,567,757	1,463,381	57.0%	1,321,241
Recreation.....	18,412,211	10,768,804	58.5%	9,950,702
Total Operating Agencies	\$ 148,257,672	\$ 87,767,920	59.2%	\$ 81,302,457
Education				
Schools.....	\$ 138,753,138	\$ 64,695,090	46.6%	\$ 61,447,914
Other Educational Activities.....	12,990	9,743	75.0%	9,974
Total Education	\$ 138,766,128	\$ 64,704,833	46.6%	\$ 61,457,888
Capital, Debt Service and Miscellaneous				
Debt Service.....	\$ 27,714,883	\$ 12,648,891	45.6%	\$ 8,147,594
Non-Departmental.....	15,987,448	5,321,195	33.3%	5,584,681
Cash Capital.....	18,859,735	18,859,735	100.0%	21,382,000
Contingent Reserves.....	263,250	-	-	-
Total Capital, Debt Service and Miscellaneous	\$ 62,825,316	\$ 36,829,821	58.6%	\$ 35,114,275
TOTAL EXPENDITURES	\$ 430,555,519	\$ 235,044,040	54.6%	\$ 220,796,730
Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund)...				
Transfer to Library.....	34,787,308	1,530,000	4.4%	-
Transfer to DASH.....	6,438,429	3,755,750	58.3%	3,480,011
Transfer to DASH.....	6,342,000	3,699,500	58.3%	3,350,361
TOTAL EXPENDITURES & TRANSFERS	\$ 478,123,256	\$ 244,029,290	51.0%	\$ 227,627,102

**CITY OF ALEXANDRIA
SELECTED ECONOMIC INDICATORS**

	<u>Current Year</u>	<u>Prior Year</u>	<u>Percent Change</u>
<u>Consumer Price Index (CPI-U)</u> for the Washington-Baltimore, DC-MD-VA-WV Area (As of November 30, 2005) (Source: Published bi-monthly by United States Department of Labor, Bureau of Labor Statistics)	125.4	120.9	+3.7%
<u>Unemployment Rates</u>			
Alexandria	2.4%	2.6%	-8%
Virginia (As of December 31, 2005) (Source: United States Department of Labor, Bureau of Labor Statistics, as adjusted)	3.0%	3.4%	-12%
United States (As of January 31, 2006) (Source: United States Department of Labor, Bureau of Labor Statistics)	4.7%	5.2%	-10%
<u>Interest Rates</u> (As of January 31, 2006)			
Prime Rate	7.25%	5.25%	+38%
Federal Fund Rate (Source: SunTrust Economic Monitor)	4.36%	2.33%	+87%
<u>New Business Licenses</u> (During January) (Source: Finance Department, Business Tax Branch)	99	79	+25%
<u>Office Vacancy Rates</u> (As of September 30, 2005)			
Alexandria	6.7%	9.3%	-28%
Northern Virginia	11.9%	13.4%	-11%
Washington DC Metro Area (Source: Grubb & Ellis)	9.5%	10.9%	-13%
<u>New Commercial Construction</u> (As of December 31, 2005)			
Number of New Building Permits	5	3	+67%
Value of New Building Permits (Source: Fire Department Code Enforcement Bureau)	\$ 7.6 million	\$ 9.1 million	-16%
<u>Residential Real Estate Indicators</u> (for the year ended December 31, 2005)			
Residential Dwelling Units Sold	3,377	3,877	-13%
Average Residential Sales Price (Source: Department of Real Estate Assessments)	\$483,381	\$395,759	+22%

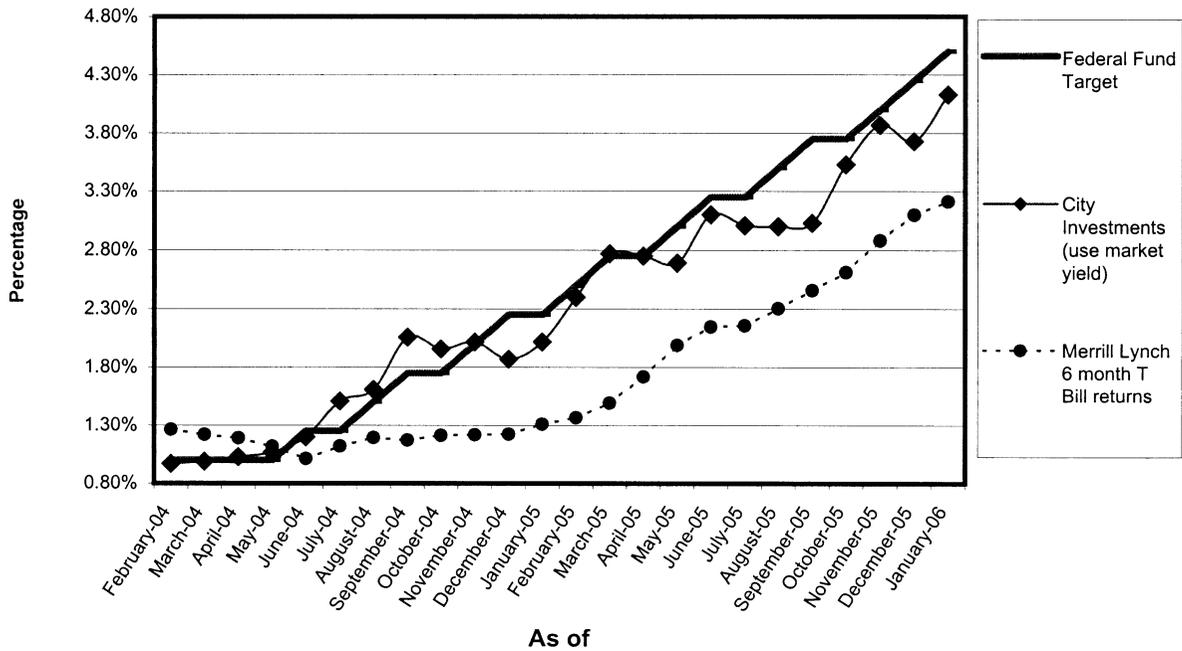
City of Alexandria Selected Economic Indicators

Unemployment Rates - US, Virginia and Alexandria



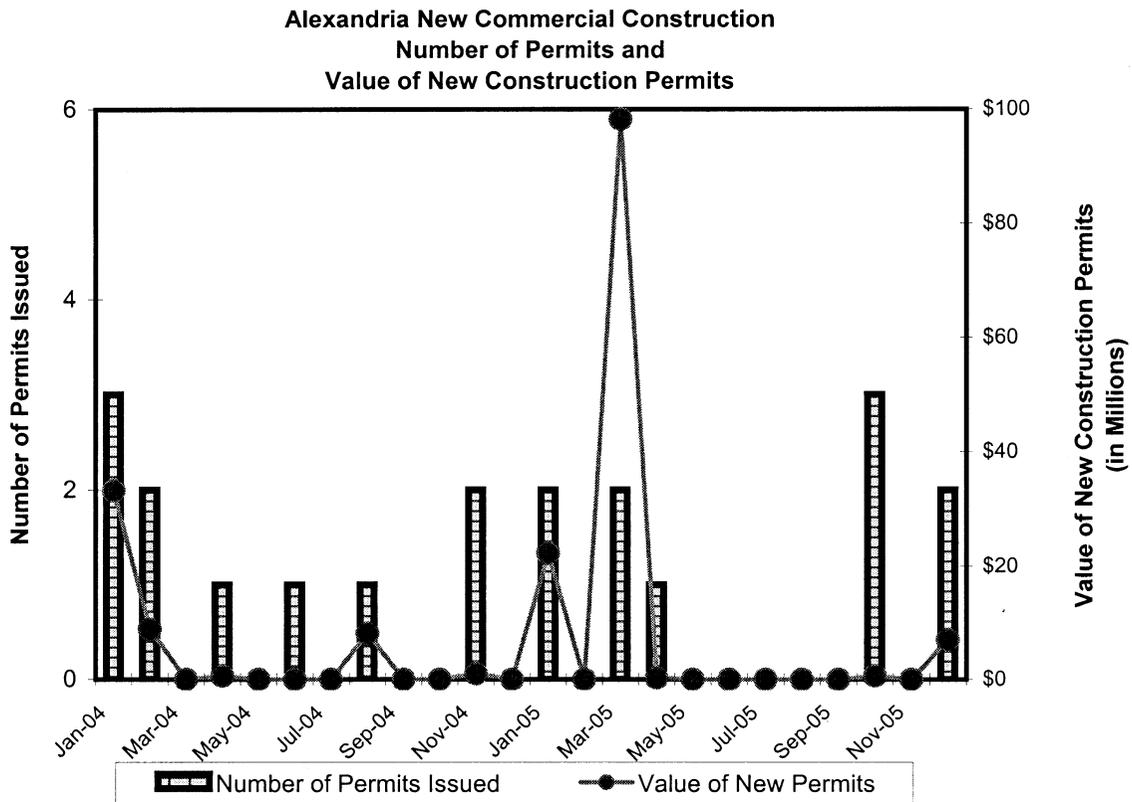
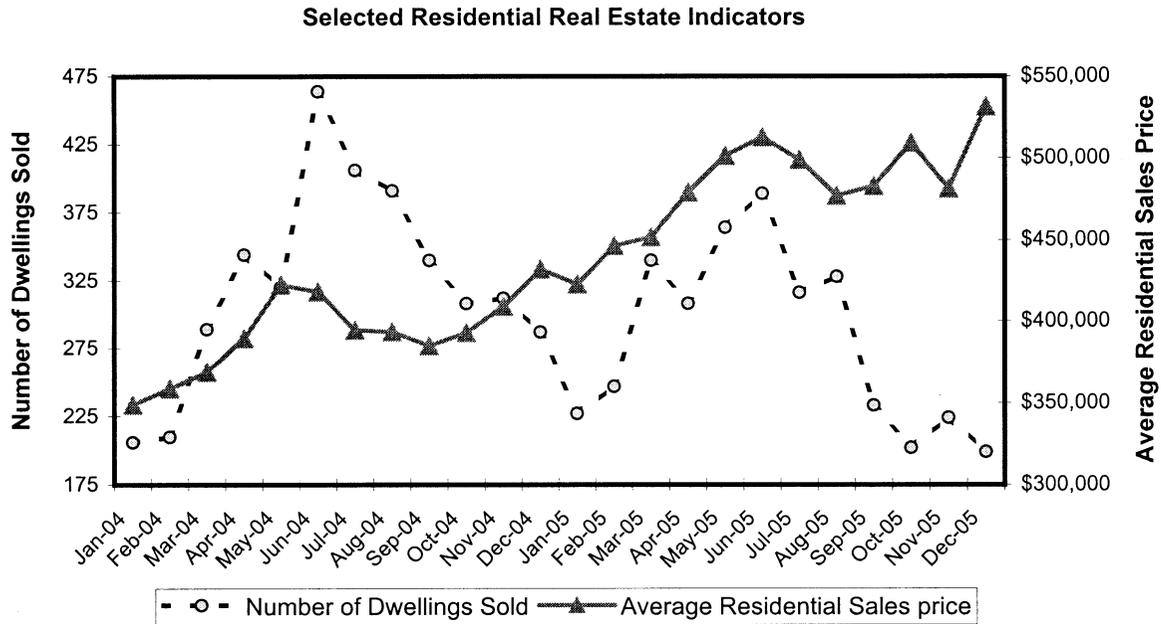
Source: United States Department of Labor, Bureau of Labor Statistics (revised by BLS March and June 2005)

Selected Interest Rates

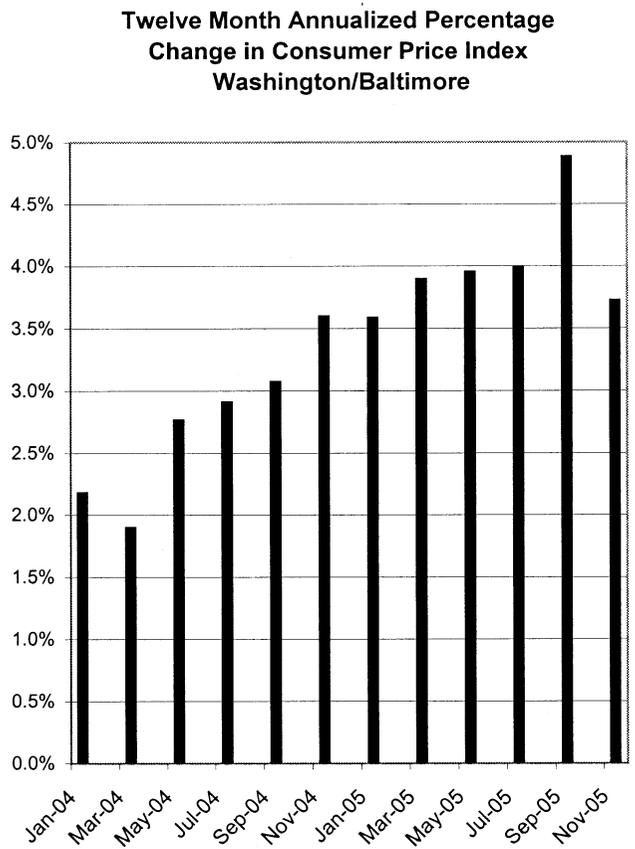
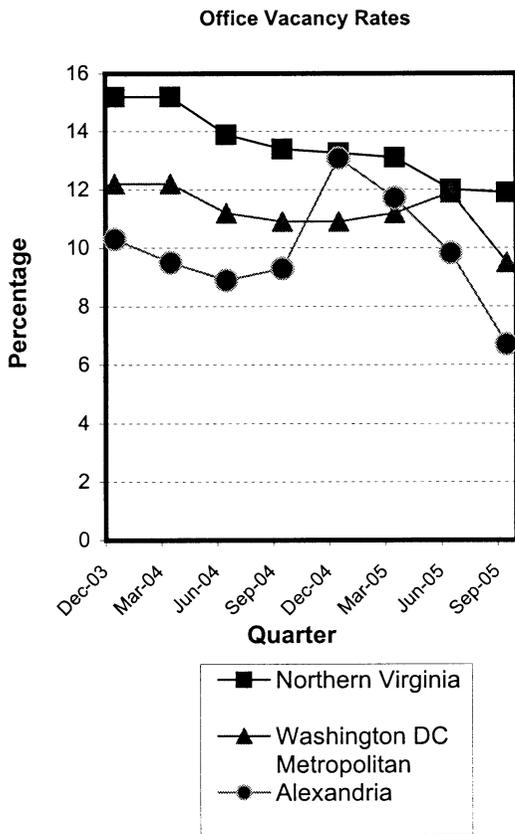


Source: Suntrust Economic Monitor

City of Alexandria
Selected Economic Indicators



City of Alexandria
Selected Economic Indicators



Source: United States Department of Labor, Bureau of Labor Statistics

